

1 **Q. Further to the response to NLH-NP-057, please provide the details of the payment of**
2 **pension contributions and premiums for health, medical and life insurance for both**
3 **employees and retirees. In the response state the portion of costs paid by employees,**
4 **retirees and the company.**

5
6 **A. *Pension Contributions***

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8 Newfoundland Power maintains both defined benefit and defined contribution pension
9 plans.¹ Contributions to the Company's defined benefit pension plan, which is closed to
10 new entrants, are in accordance with the terms of the Retirement Income Plan and are
11 actuarially determined by the Company's actuary Mercer (Canada) Ltd. ("Mercer") in a
12 triennial pension funding valuation.²

13
14 Contributions to the Company's defined contribution pension plan, or the group
15 registered retirement savings plan ("Group RRSP"), are determined based on a set
16 percentage of employees' base salaries.³ Under this plan, the Company and employees
17 contribute equal amounts to the Group RRSP.

18
19 Pension contributions differ from pension expense.⁴ For the Group RRSP, the
20 Company's contributions directly correlate with the related pension expense, prior to
21 capitalization. For the defined benefit pension plan, pension expense is actuarially
22 determined and calculated by Mercer. It also reflects the impacts of forecast discount
23 rates, expected returns on plans assets and actuarial gains and losses. As such, there is not
24 a direct correlation between pension contributions and defined benefit pension expense,
25 prior to capitalization.

26
27 Table 1 provides the details of pension contributions, as requested, including the portions
28 paid by both the Company and employees.

¹ See Newfoundland Power's 2025/2026 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 3, Finance, pages 3-8 and 3-9.

² See Attachment B to Request for Information CA-NP-065 for a copy of Mercer's most recent actuarial funding valuation report on Newfoundland Power's Retirement Income Plan.

³ See Newfoundland Power's 2025/2026 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 3, Finance, page 3-9, footnote 11.

⁴ See Newfoundland Power's 2025/2026 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 3, Finance, page 3-8.

**Table 1:
Pension Contributions
2022 to 2026E
(\$000s)**

	2022	2023F	2024E	2025E	2026E
Defined Contribution Pension Plan					
Employer contributions	3,061	3,326	3,748	4,228	4,615
Employee contributions	3,061	3,326	3,748	4,228	4,615
Defined Benefit Pension Plan					
Employer contributions	2,730	1,508	1,269	1,039	975
Employee contributions	516	448	385	346	307
Total Pension Contributions	9,368	8,608	9,150	9,841	10,512
Total Employer Contributions	5,791	4,834	5,017	5,267	5,590
Total Employee Contributions	3,577	3,774	4,133	4,574	4,922

Premiums for Health Benefits

Newfoundland Power pays premiums for health, medical and life insurance benefits for both employees and retirees.

Health premiums for active employees are a component of compensation and, as such, are reflected as part of the Company's labour costs. In 2022, the employer portion of employee health premium payments totaled approximately \$1.6 million. Forecast amounts for 2023 through 2026 are based on the Company's labour inflation rate over that period.⁵ Employee health premiums are cost shared equally by the Company and employees.

Health premiums for retirees form part of the Company's other post-employment benefit ("OPEB") costs. Associated costs are accrued as part of OPEB expense, which are actuarially determined and calculated by Mercer. OPEB expense also reflects the impacts of forecast discount rates, healthcare costs and actuarial gains and losses. As such, there is not a direct correlation between the payment of retiree health premiums and OPEB expense, prior to capitalization.

In 2022, the employer portion of retiree health premium payments totaled approximately \$1.5 million. This payment reduced the Company's overall OPEB liability. Forecast

⁵ See Newfoundland Power's 2025/2026 General Rate Application, Volume 1, Application, Company Evidence and Exhibits, Section 2, Customer Operations, page 2-31, footnote 57.

1 amounts for 2023 through 2026 are actuarially determined by Mercer. Retiree health
2 premiums are cost shared equally by the Company and retirees if the retirees'
3 combination of age and service is greater than 85, or shared 25%/75% if it is less than 85
4 (Company/retiree).⁶

⁶ Newfoundland Power also has a closed retiree health plan. Under the closed plan, for retirees age 65 and above, 100% of the costs are paid by the Company and below age 65 premium costs are shared equally by the Company and retirees.